

## Appendix 2

Program error rates over time, including comparisons to other states/national averages

Food and Nutrition Service, Midwest Region Payment Error Rates (includes the national average) for Program Years 2000 - 2010

Program Year	Wisconsin	Minnesota	Ohio	Illinois	Indiana	Michigan	National Average
2000	12.72%	3.58%	7.96%	9.26%	6.86%	13.28%	8.91%
2001	13.14%	5.22%	8.48%	8.19%	6.83%	13.93%	8.66%
2002	12.69%	5.73%	6.50%	8.75%	8.31%	14.10%	8.26%
2003	9.32%	7.96%	6.61%	4.87%	10.00%	11.10%	6.63%
2004	6.65%	6.94%	8.43%	5.61%	5.84%	7.19%	5.88%
2005	5.61%	7.60%	8.65%	5.75%	6.58%	7.34%	5.84%
2006	6.17%	7.56%	7.10%	6.09%	6.64%	7.53%	5.99%
2007	5.90%	6.53%	9.17%	5.15%	6.94%	8.50%	5.64%
2008	7.38%	6.16%	4.29%	4.30%	7.51%	5.88%	5.01%
2009	1.11%	3.95%	2.30%	6.17%	7.13%	6.75%	4.36%
2010 (state reported)	1.82%	4.40%	3.19%	1.56%	2.48%	3.14%	3.64%

Wisconsin  
 Projected Medicaid/T19 Payment Error Rates, FFY2009  
 (With Undetermined As Errors)

October/08 - September/09

Case Type	Error Rate	Projected Payments	Projected Improper Payments	Sampled Line Items	Standard Error	Confidence Interval
New Application (1)	1.11%	\$123,866,027	\$1,374,078	168	0.69%	-0.25% - 2.46%
Re-Determination (2)	0.71%	\$1,034,214,819	\$7,385,609	168	0.60%	-0.47% - 1.90%
Other (3)	6.28%	\$2,192,325,829	\$137,600,399	168	6.40%	-6.26% - 18.81%
Overall	4.37%	\$3,350,406,675	146,360,086	504	3.97%	-3.42% - 12.16%

Wisconsin  
 FFY 2009  
 Projected Medicaid/T-19 Negative Error Rates

October/08-Sept/09

Case Type	Error Rate	Universe Size	Projected Ineligibles in Universe	Sampled Line Items	Standard Error	Confidence Interval
Negative Cases	3.86%	300,102	11,592.47	204	1.36%	1.21% - 6.52%
Overall	3.86%	300,102	11,592.47	204	1.36%	1.21% - 6.52%

Wisconsin  
 Projected Medicaid/T19 Case Error Rates, FFY2009  
 (With Undetermined As Errors)

October/08 - September/09

Case Type	Error Rate	Universe Size	Projected Ineligibles in Universe	Sampled Line Items	Standard Error	Confidence Interval
New Application (1)	3.34%	305,938	10,225.50	168	1.36%	0.67% - 6.01%
Re-Determination (2)	1.12%	3,650,176	40,818.00	168	0.76%	-0.37% - 2.61%
Other (3)	2.09%	4,743,453	99,175.71	168	1.22%	-0.29% - 4.47%
<b>Overall</b>	<b>1.73%</b>	<b>8,699,567</b>	<b>150,219.21</b>	<b>504</b>	<b>0.74%</b>	<b>0.28% - 3.17%</b>

## WISCONSIN ERROR RATES FOR FFY 2006 & FFY 2009 PERM REVIEWS

The CMS Payment Error Rate Measurement (PERM) program measures improper payments in Medicaid and produces state and national level error rates for the program. Each year 17 States are reviewed. Since Wisconsin is a Cycle One State the error rates are based on reviews of Wisconsin Medicaid payments made between October 1, 2005 and September 30, 2006 and between October 1, 2008 and September 30, 2009.

Wisconsin's FFY 2006 PERM error rate was 3.96% while the national PERM error rate for that cycle was 4.7%. That year only Fee-for-Service Medicaid payments were reviewed.

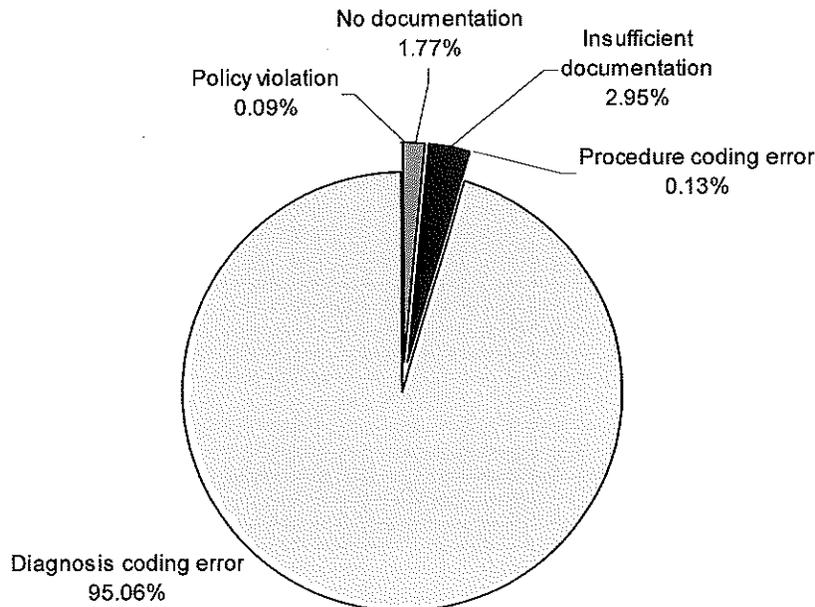
Wisconsin's FFY 2009 PERM error rate was 5.72% while the national PERM error rate was 8.98%. Fee for Service payments, managed care payments and eligibility determinations were evaluated during that PERM review.

Common causes for Fee for service errors include:

- Documentation was late or incomplete
- No physician order present
- DRG billed on claim incorrect
- Other insurance not billed prior to Medicaid

Since this is a limited study, one improper payment can greatly affect the final rate. For example in the FFY2009 review, a single DRG coding error by a hospital accounted for almost all of the dollars in error.

**Medicaid FFS Medical Review Percentage of Dollars in Error by Error Type**



In 2009 there was a significant decrease in the number of errors for no documentation, an important improvement over the 2006 PERM audit cycle..

**What's Next?**

The next Wisconsin CMS PERM review will begin later this year and include payments made between October 1, 2011 and September 30, 2012.

Documentation requests for the 2012 PERM Cycle for Wisconsin will begin in early 2012 and continue through out the year.